



USAID | **KYRGYZSTAN**
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USAID REFORMA Project

Year One, First Quarterly Report

Q4 2011

January 9, 2012

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The USAID REFORMA Project was awarded to Deloitte Consulting on September 26, 2011. Three weeks later, the Deloitte REFORMA team was on the ground in Bishkek to launch the project. During the remainder of the quarter, the REFORMA project completed the following activities:

AmCham-US Department of State Business Climate Round Table. On October 19, 2011, the day after the REFORMA team arrived in Bishkek, the REFORMA Chief of Party, Ms. Karen Westergaard, made a brief presentation at a Round Table hosted by the American Chamber of Commerce in the Kyrgyz Republic and the US Embassy on “The Business Climate in Kyrgyzstan – Present and Future.” Ms. Westergaard presented a general approach to the REFORMA project, including how the project would set its reform agenda and the use of local organizations in delivering project activities under the project.

Submission of Approach to Forming the REFORMA Agenda. On November 1, 2011, the REFORMA project submitted to USAID an approach to forming the REFORMA Agenda, which outlined the steps that the project would take to ensure that the reform activities that the project would pursue captured the reform priorities of key constituents in both the public and private sectors, did not duplicate initiatives undertaken by other donor organizations, provided support for the development of key sectors of the Kyrgyz economy, and would generate a significant impact in improving the Kyrgyz economy as measured by a return-on-investment methodology for USAID investment. The REFORMA project followed this approach in proposing a First Year REFORMA Agenda, although with the expectation that the Agenda would be refined and elaborated upon once the project was able adequately engage the public sector once the new Kyrgyz government was formed.

Submission of the First-Year REFORMA Agenda. On November 25, 2011, the REFORMA project submitted a proposed REFORMA Agenda that outlined three potential areas of reform focus for the first year of the project and the key priority activities identified by the private sector within these areas for reform. Using stated government priorities outlined in its draft Medium-Term Development Plan (MTDP), the project canvassed the private sector to identify key reform areas to be: (1) reducing the regulatory burdens placed on the private sector by licensing and permitting processes and requirements; (2) improving the policy and legal framework to stimulate greater investment in Kyrgyzstan’s mining sector, particularly regarding the regime for issuing, extending and revoking mining licenses; and (3) continuing to refine and simplify tax policy and the administrative processes and procedures for tax administration. These activities will now be vetted among key government stakeholders to ensure that they reflect the reform priorities of the Kyrgyz government.

Submission of the First-Year REFORMA Work Plan. On December 1, 2011, the REFORMA project submitted a draft work plan that reflected implementation of reform priorities identified in the First-Year REFORMA Agenda and identified activities to validate reform priorities with the newly formed Kyrgyz government and how the project will assess needs to expand reform activities to include those that will improve the business enabling environment for the further development of other key industries, including tourism and agriculture, as well as other regulatory and administrative projects in customs, trade and other functions. This plan will be a working document to ensure that the project remain on-track throughout the course of its first-year reform implementation activities.

Submission of the REFORMA Performance Monitoring Plan (PMP). On December 21, 2011, the REFORMA project submitted a draft PMP that outlined a results framework and key performance indicators that the project will use to monitor the achievement of REFORMA objectives and the impact reform activities will have on improving the enabling environment for business and investment. The project will refine this plan and collect key baseline data for performance monitoring once specific reform activities will be determined, launched and implemented.

Conduct DeepDive Workshops. On December 13 and 14, 2011, the REFORMA project conducted two, half-day workshops with members of private sector business associations – the Union of Entrepreneurs, the American Chamber of Commerce, and the International Business Council – to obtain private sector input on key reform priorities to improve the business and investment climate and to solicit ideas and solutions for reform implementation in priority areas for reform. Using an international facilitator that employed a brainstorming approach, the DeepDive workshops encouraged private sector participants to develop creative techniques in solving policy problems. While some reform solutions may not have been as thoroughly developed as desired, the workshops did demonstrate to private sector participants that REFORMA considers their priorities as valid and necessary inputs into setting the REFORMA Agenda and that we will continue to seek their opinion on which reforms REFORMA should adopt in its work plan development and implementation that will have the most extensive and lasting impact on improving the business environment. The REFORMA project will provide a report on the outputs of these workshops to present to the government for use in its reform decision-making processes and as a means to reach greater public-private consensus in pursuit of the overall reform agenda for the Kyrgyz Republic.

Administrative Accomplishments. The REFORMA project made a smooth administrative transition employing resources remaining from Deloitte’s USAID EREC project. These included transitioning legal and banking arrangements and staff to the REFORMA project and the transfer of property from USAID’s RTLC and EREC projects to REFORMA. In addition, the REFORMA team procured new office space and managed a move during the last few weeks of the quarter.

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